REMARKS

Reconsideration and allowance of this application are respectfully requested in view of the following explanations and remarks.

In the Office Action, the amendment to the specification filed on 09/19/2008 was objected to because it introduced new matter into the disclosure, namely, "advertisement schedule", "tracking status of advertising players", "recording statistics based upon parameters, not originally disclosed", "tracking step performed by a primary server or store controller", and Applicant was required to cancel the new matter. The Examiner indicated that the amendment to the specification would not be accepted as it added new matter to the original specification.

Applicant's newly appointed agent has cancelled the amendment to the specification filed on 09/19/2008.

Applicant's newly appointed agent has currently amended the specification to supplement the definition of terms under the heading "NOTATION AND NOMENCLATURE" to further include definitions of certain system components that are described in the specification. Namely, the terms: "server", "client", "controller", "processor", "work station", and "proximate".

It is respectfully submitted that the current amendment to the specification, merely provides the ordinary and customary meanings attributed by those of ordinary skill in the art to the components described in the specification and claims as originally submitted, and does not constitute new matter.

The rejection under 35 U.S.C. 112

Claims 5, 11, and 47-49 (as previously submitted or amended) were rejected under 35 U.S.C. 112, first paragraph, and second paragraph, because they contained subject mater which was not described in the specification in such a way as to reasonably convey to one skilled in the art that the inventor(s), at the time the application was filed, had possession of the claimed invention and because they were indefinite for failing to particularly point out and distinctly claim the subject matter regarded as the invention. More particularly, the limitations: in claim 5 of "reporting statistics based on a pre-established schedule"; in claim 11 of "statistic reported by an advertising player after a predetermined number of invocations are invoked"; in claim 47 of "tracking the status of at least one advertising player"; and in claims 48 and 49 of "tracking step performed by a primary server or store controller", were not in the original specification , to use it introduced new matter into the disclosure, namely, "advertisement schedule", "tracking status of advertising

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players", "recording statistics based upon parameters, not originally disclosed", "tracking step performed by a primary server or store controller", and Applicant was required to cancel the new matter.

Claims 5, 11, and 47-49 (as previously submitted or amended) have been cancelled, and are now replaced by newly presented claims 50-61.

It is respectfully submitted that newly presented claims 50-61 do not contain new matter that was not in the specification, drawings, and claims as originally filed.

The limitation in base claims 50 and 57 of transmitting "statistical data relative to advertisements played..." is found in paragraphs 0008, 0010, 0025, and 0037 of the specification as-filed. The limitation in claims 54 and 59 of determining "statistics relative to advertisements played..." is found in paragraphs 0008, 0010, 0025, and 0037 of the specification as-filed. The limitation in claims 54 and 59 of to "track the status of said advertising player" is found in paragraph 0024 of the specification as-filed. The limitation in claims 54 and 59 of the "said server...to track the status of said advertising player" is found in paragraph 0024 of the specification as-filed.

The rejections under 35 U.S.C. 102(b) and 35 U.S.C. 103(a)

Previously presented claims 47-49 were rejected under 35 U.S.C. 102 (b) as being anticipated by Begum et al (US 5,420,606). Previously presented claims 1-7, 11-20, 24-26, 28-30, 32-40, 45 and 46 were rejected under 35 U.S.C. 103(a) as being unpatentable over Begum at al in view of Klayh (US 2003/0103644). Previously presented claims 8-10, 21-23, and 41-44 were rejected under 35 U.S.C. 103(a) as being unpatentable over Begum et al, in view of Klayh (US 2003/0103644) and further in view of Vela et al (US 4,882,724).

Claims 1-49 (as previously submitted or amended) have been canceled, and are now replaced by newly presented claims 50-61. It is respectfully submitted that newly presented claims 50-61 are not anticipated or obvious based on the teachings contained in Begum et al, Klayh, and Vela et al, alone or in combination, for the reasons discussed below.

Newly presented base claim 50 defines applicant's invention as an electronic advertising system for providing advertising to a consumer at a location proximate to a display of consumer goods.

The system comprising: an advertising player disposed proximate to a display of consumer goods, said advertising player containing a processor, memory storage means coupled to said processor, a communication device coupled to said processor for receiving and transmitting digital video and audio advertising media and data, a sensing device coupled to said processor of said advertising player for sensing the presence of a consumer proximate to said advertising player, and a video encoder and display and an audio encoder and speaker coupled to said processor for reproducing and playing video and audio advertisements from the digital video and audio media and data;

said processor programmed to store received digital video and audio advertising media and data in said memory storage means and, upon detection by said sensing device, of the presence of a consumer proximate to the display of consumer goods, to retrieve an advertisement stored in said memory means containing information related to the consumer goods proximate to said advertising player and to play the retrieved advertisement via said video display and audio speaker; and

said processor programmed to store in said memory means the number of times an advertisement was played in a given period of time, and to transmit, via said communication device, statistical data relative to advertisements played by said advertising player to external devices.

The Begum et al reference

Begum et al (US 5,420,606) teaches an electronic paperless couponing system in which a store provides shoppers with an electronic communications device coordinated with an in-store electronic marketing system or coupon interface module via wireless data transmissions. The communications device has a display screen for display of a graphic of a redemption coupon that represents a discount for an item in the store available for purchase. The electronic communications device may be incorporated into a portable unit mounted on a shopping cart or basket or can be a stand alone unit designed exclusively to provide electronic coupons to prospective purchasers. The communications unit has a selection button for prospective shoppers

to enter the selection of the coupon indicating the user's desire to redeem the coupon and a memory to record the selection until the shopper reaches the checkout counter and the discount is deducted from the purchases when the item subject to the discount has been purchased. Begum et al teaches that in its preferred embodiment the couponing system utilizes standard bar code data and product identification numbers to coordinate the coupon issuance with the product sales accounting using existing store or manufacturer accounting systems in conjunction with the system's computer that issues, records and redeems the discount coupons.

In the preferred embodiment, the Begum et al communication units are primarily portable and communicate with the coupon interface modules via wireless data transmissions and the discount coupons are preferably activated when the shopper is in the market area proximate the location of the discounted items. In this situation, a local message sending unit or transceiver proximate the location of the discounted item activates the display of the coupon graphic on the display screen of the communication unit carried by the shopper or mounted on the shopper's cart. The shopper is prompted by a screen cue, for example, "select coupon now" and may press a select button on his communication unit to log-in the discount. In an alternate embodiment, a transceiver enables the display of coupons to be generated proximate the store location of the item that is the subject of the coupon. In operation, the portable communication unit transmits a periodic low level signal, which is detected by the pre-programmed message sending unit. Alternately, the message sending unit has a motion detector to detect the presence of a portable communication unit mounted on a shopping cart or basket and transmits a wake-up call, as the cart is rolled by, or a shopper carrying a communications unit walks by the message sending unit. The wake-up transmission activates any communication units within range of the message sending unit and transmits a digital data signal incorporating the location specific product coupon data and product control data to the communication unit. The stationary message sending units at certain locations may include a display screen for simultaneous display of the coupon and prompt the shopper to refer to his own control panel display and select the coupon if desired.

Differences

Begum et al **does not teach an advertising player disposed proximate to a display of consumer goods**. Instead, the communication units of Begum et al are mounted on shopping carts or baskets or carried by the shopper and are transported about store by a shopper. The communications units taught by Begum et al **do not contain a sensing device coupled to a**

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processor for sensing the presence of a consumer proximate to the advertising player.
Instead, the system taught by Begum et al only senses the presence of the communications units that are mounted on shopping carts or baskets or carried by the shopper and transported about the store. The communications units **do not contain a processor which is programmed to, upon detection by the sensing device of the presence of a consumer proximate to the display of consumer goods, to retrieve an advertisement stored in memory containing information related to the consumer goods proximate to said advertising player and to play the retrieved advertisement.** Instead, Begum et al places a local message sending unit or transceiver proximate the location of a discounted item which detects a low level signal transmitted by a communications unit or alternatively, a motion detector that detects a passing communications unit and activates the display of the coupon graphic on the display screen of the communication unit carried by the shopper or mounted on the shopper's cart, or transmits a wake-up call to the communications unit, as the cart is rolled by, or a shopper carrying a communications unit walks by the message sending unit.

Begum et al **does not teach an advertising player containing a processor for receiving and transmitting digital video and audio advertising media and data, or a video encoder and display and an audio encoder and speaker coupled to the processor for reproducing and playing video and audio advertisements containing information related to the consumer goods proximate to the advertising player** from digital video and audio media and data. Instead, Begum et al merely displays a graphic image of a redemption coupon communicating a discount for a product item offered for purchase by the store and provides user control means on the communication device for selecting the coupon graphic displayed, which indicates the shopper's intent to receive the discount. **Begum et al also does not teach a processor programmed to store in memory the number of times an advertisement was played in a given period of time,** and to transmit, statistical data relative to advertisements played by the advertising player to external devices.

Thus, Begum et al would be incapable sensing a consumer proximal to the advertising player, and incapable of detecting a consumer proximate to the display of consumer goods, unless the consumer were pushing a cart equipped with a Begum et al communications unit, or carrying a communications unit. Begum et al would also be incapable of reproducing and playing video and

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audio advertisements containing information related to the consumer goods proximate to the advertising player from stored digital video and audio media and data.

The Klayh reference

Klayh (US 2003/0103644) teaches a method for presenting targeted advertising to a specific identified person or class of persons that utilizes a display apparatus similar to that disclosed in U.S. Patent 5,083,271, which is a tournament system for electronic games in which scores achieved on the games are transmitted to one or a hierarchy of computers in which a winner is determined. At least one computer stores a player code associated with player credits. The players insert credit cards into the games which read the player codes, send the codes to a computer, obtain verification signals from the computer and are thereby enabled. The computer also stores handicap values associated with players and/or the games, and modifies the scores by the handicap values. The computer can also download advertising, winner or other messages to specific ones or all the games for display, and can cause the games played to be modified or changed.

In U.S. Published Application 2003/0103644 Klayh teaches that, in place of the regional computers described in the U.S. Patent 5,083,271 patent, regional servers (1A...1N) are used, each located at a separate regional data center. Each regional server has a memory containing a corresponding database (5A...5N). The memory stores not only score data, but also values of money on deposit to be credited against the playing of a game, handicaps of players and/or games, and also stores parameters and content relating to advertising, premiums, etc., and can also store specialized data relating to parameters used in a game, such as difficulty levels, points to be awarded for certain game activities, as well as parameters and content relating to advertising, premiums, loyalty points, etc. The data to be stored in the regional server databases is loaded by a decision support server (7), from data stored in a database (9) with which it communicates. Validation and redemption terminals (11) in communication with each regional server (1A...1N) is comprised of a card reader (13) and preferably a bar code reader (14), smart card reader, or the equivalent, coupled to a printer. The card reader (13) is preferably also a card writer for writing the magnetic stripe on a card and/or for updating, debiting or crediting one or more values stored on a smart card. The card reader can include a keypad or keyboard which can be used by the customer and/or merchant. The card read by the redemption terminal (11) is a specific person or class of person identifier, the identification being stored by the magnetic strip or chip on the card. However, persons can alternatively be identified by any other means, such as by voice recognizer,

palm or finger print detector, iris reader, etc. The printer is used to print receipts and coupons, preferably with a bar code.

In operation, games, advertising and parameters relating to loyalty points and/or coupons are downloaded under control of the decision support server (7) to database (9), then are distributed to regional servers (1A...1N) for storage in their database (5A...5N), and are downloaded to database (23) via the master game (21). The games and advertising can be stored in digital form. Alternatively the games, parameters and/or advertising are stored at the arcade on local mass storage devices (or mass storage memory), and are enabled from data stored in the decision support software. The advertisements are preferably written within a shell, with software "hooks" between the advertisements and shell. The shell is responsible for starting and stopping the advertisements, altering their parameters if desired, controlling the display of the advertisement that is to be played, and communicating with the regional server (1A...1N). The software operated by the master game device (21) communicates with and controls each of the game devices of the arcade, and with a designated regional server.

Subscriber accounts are retained in the database (9), and are preferably comprised of the following fields: (1) Account data (customer name and PIN), (2) Balance of account (in currency), (3) The identity and value of coupons and premiums allocated to the subscriber, (4) The balance value of loyalty points associated with the customer. The balance value of loyalty points associated with the customer is obtained by: inputting data via a keypad connected to the card reader at a validation and redemption terminal, by an administrator via a terminal at the administration location, or by operating an automatic terminal such as a coin telephone having a swipe card reader in administrative communication with a regional server, a game machine, etc., or by the regional server having received information that a particular advertisement has been displayed on a display device such as a game machine, public computer, television monitor, etc. adjacent to which a specifically identified customer has been identified

The subscriber accounts retained in the database (9), also preferably comprise: (5) Game ratings, such as skill level of the subscriber for variously played games, handicap values of the subscriber for variously played games, profiles (e.g. how much time is allocated to the player to complete various games), (6) Viewing history of advertising (e.g. a record of the most recent time that the subscriber has viewed a particular advertisement), (7) Images displayed for this subscriber, (8) The identities of identification cards issued to the player, (9). Merchandise orders,

e.g. the identity and loyalty point, premium or currency cost of merchandise that has been ordered, the date ordered, the date the order was sent to the supplier, the date the order was shipped, etc., (10) The game played history, e.g. for each game played, the rank achieved, number of players in a game or tournament, etc., (11) Data regarding membership of the customer in competitions or teams, (12) Records of payments of fees made by the customer, and (13) Records of customer premiums and/or prizes awarded (which can be used e.g. for tax computation).

Klayh teaches at paragraphs 172 and 173 that a key aspect of the system is to control the advertising shown to specific subscribers. Advertising can be shown in "slots", e.g. frames on a video game or public PC display. The administrator can specify advertisement types as indicated in the matrix of FIG. 3 as "Ad Target Types to Play", i.e. types of ads for specific matched demographic player types. The first column in the matrix specifies "When To Play". For example, when no player is present, advertisement types "0 x 00" followed by "Location Attract", followed by "Terminal Attract (for this terminal's ID or a broadcast ID)" are specified. When an unidentified player is present (e.g. by detecting a body using an infrared detector), but no service has been selected, an additional advertisement "0 x 01" is run immediately following advertisement "0 x 00".

Klayh teaches at paragraphs 190 and 191 that advertisements can be selected based on an algorithm. For example, a random number (e.g. between 0 and 9, say 5) can be obtained from a random number generator. That random number 5 can identify e.g. a video or slide advertisement to be run. Following running, that random number can be added to another predetermined number (e.g. 3), to identify the next advertisement to be run, e.g. advertisement number 8. Following running of advertisement number 8, that number can be added to another predetermined number (e.g. 7), to identify the next advertisement to be run, e.g. advertisement number 15, etc. The selection of which advertisement to run can cycle back to the beginning, or once a predetermined highest number has been reached, another random number can be selected and the process started again. It may be seen that the identity of advertisements that are selected for playing have been filtered through a schedule of particular advertisements. It is preferred that they should also be filtered by exclusions, for unsuitable advertisements. For example, cigarette advertisements or advertisements containing unsuitable subject matter can be excluded from certain locations or excluded from certain classes of viewer based on identity of a viewer or classes of viewer expected to be at the locations, and competitor's products can be excluded from certain locations.

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Differences

Klayh does not teach an **advertising player disposed proximate to a display of consumer goods**. Instead, Klayh utilizes an electronic video game terminal (regional servers) which presents targeted advertising to a specific identified person or class of persons. Identified persons or class of persons are determined by validation and redemption terminals (bar code card readers) in communication with each regional server. Alternatively, persons can be identified by other means, such as by voice recognizer, palm or finger print detector, iris reader, etc.

Klayh does not teach an advertising player disposed proximate to a display of consumer goods which contains a processor programmed to, upon detection by a sensing device of the presence of a consumer proximate to the display of consumer goods, retrieve and play video and audio **advertisements containing information related to the consumer goods proximate to said advertising player** from stored digital video and audio media and data. Klayh teaches that the body of an unidentified player (a consumer) standing adjacent to a regional server may be detected using an infrared detector, but if no service has been selected by the unidentified player (a consumer), a different type and sequence of advertisements is run, which is different from the type and sequence shown to a person or class of persons whose identity has been detected and verified, the later advertisements being based on one of the target indicators matched to the identified person or class of person

Klayh also teaches that a key aspect of the system is to control the advertising shown to specific subscribers. The particular advertisements displayed are based on one of the target indicators matched to an identified person or class of person determined by 13 different criteria retained in the subscriber account database. Advertisement types can also be specified by an administrator for specific matched demographic player types. Klayh also teaches that advertisements can be selected based on an algorithm. For example, obtained from a random number generator, or filtered through a schedule of particular advertisements. Klayh also teaches that, preferably, they should also be filtered by exclusions, for unsuitable advertisements. For example, cigarette advertisements or advertisements containing unsuitable subject matter can be excluded from certain locations or excluded from certain classes of viewer based on identity of a viewer or classes of viewer expected to be at the locations, and competitor's products can be excluded from certain locations

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Klayh also differs in that the advertisements are preferably written within a shell (scripting language), with software "hooks" between the advertisements and shell (where the scripting language controls the application), and the shell is responsible for starting and stopping the advertisements.

The Vela et al reference

Vela et al (US 4,882,724) teaches a communication system for a marketing area wherein message relay units are mounted on shopping carts and transported about the marketing area by a shopper. The message relay units provide audio and/or visual messages transmitted by a light signal generating system and a master computer at a control center. The light signals are transmitted over optical channels to predetermined subdivisions of the marketing area. The marketing area is divided into "zones" which are dedicated to receiving different types of messages. One group of zones are dedicated to receiving audio message productions, another group of zones are dedicated to receiving video message productions, another group of zones are dedicated to the reception of both audio and video messages, and still another group of zones are dedicated to the reception of traveling word messages. The messages that are transmitted vary depending upon which "zone" that the cart having the relay unit is within. The visually displayed messages include a list of items available for purchase, a graphics display of the floor plan of the marketing area and the merchandise display facilities therein, a video picture which may be a product or item available for purchase in the "zone" of the marketing area and a traveling word message. The message relay units have a computer which operates under the control of the master computer, a signal receiving system and message signal storage facilities, and a visual display device and an audio transmission device. Various computer controls are provided for shopper use, including controls that allow the recording of items destined for purchase by the shopper and that generate indicia on the graphics display indicative of the item locations in the marketing area and a control that changes the size and viewing mode of the graphics display of the marketing area.

Differences

Vela et al **does not teach an advertising player disposed proximate to a display of consumer goods**. Instead, the message relay units are mounted on shopping carts and transported about the marketing area by a shopper. The message relay units taught by Vela et al **do not contain a sensing device coupled to a processor for sensing the presence of a consumer**

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proximate to the advertising player. Instead, the system taught by Vela et al only senses the presence of message relay units that are mounted on shopping carts and transported about the marketing area. The message relay units also do not sense the presence of a consumer. The message relay units do not contain a processor which is programmed to, upon detection by the sensing device of the presence of a consumer proximate to the display of consumer goods, retrieve an advertisement stored in memory containing information related to the consumer goods proximate to the advertising player and to play the retrieved advertisement. Thus, **Vela et al would be incapable sensing a consumer proximal to the advertising player, and incapable of detecting a consumer proximate to the display of consumer goods, unless the consumer were pushing a cart equipped with a Vela et al message relay unit.** Vela et al also **does not teach a processor programmed to store in memory the number of times an advertisement was played in a given period of time, and to transmit, statistical data relative to advertisements played by the advertising player to external devices.**

The newly presented claims are not anticipated under 35 U.S.C. 102(b)

For a claimed invention to be properly rejected under 35 U.S.C. 102, the claimed invention must be completely described or illustrated within the four corners of a single prior art reference. :

> "anticipation is strictly a technical defense...unless all of the same elements
> [of the sought-to-be patented device] are found [in a single prior art reference]
> in exactly the same situation and united in the same way to perform an identical
> function, [the former is not anticipated by the latter.]"
> Illinois Tool Works, Inc. v. Sweetheart Plastics, Inc. 436 F.2nd 1180, 1182-83, 168
> USPQ 451, 453-454 (7th Cir. 1971).

> "A claim is anticipated only if each and every element as set forth in the claim is found,
> either expressly or inherently described, in a single prior art reference."
> Verdegaal Bros. v. Union Oil Co. of California, 814 F.2d 628, 631, 2 USPQ2d 1051,
> 1053 (Fed. Cir. 1987).

> "Anticipation is established only when a single prior art reference discloses each and every
> element of a claimed invention as well as disclosing structure which is capable of
> performing the recited functional limitations."
> RCA Corp. v. Applied Digital Data Systems, Inc., 730 F.2nd 1440, 1444, 211 USPQ 385,
> 388 (Fed. Cir. 1984); W.L. Gore and Associates, Inc. v. Garlock, Inc., 721 F.2nd 1540,
> 1554, 220 USPQ 303, 313 (Fed. Cir. 1984).

It is respectfully submitted that the Begum et al, Klayh, and Vela et al references do not disclose all of the same elements of applicant's claimed invention, as recited in the newly presented claim 50 in exactly the same situation and united in the same way to perform an identical function. The remarks set forth above regarding claim 50 apply equally to base claim 57 which contains essentially the same elements, but presented in the form of a method claim.

Therefore, it is submitted that base claims 50 and 57 are not anticipated based on the cited references, for the reasons set forth above, and should now be allowable base claims.

The remarks set forth above regarding base claims 50 and 57 apply equally depending claims 51-56 and 58-61 which contain the same elements, plus additional structural and functional limitations.

Therefore, it is submitted that 51-56 and 58-61 are not anticipated based on the cited references, by virtue of their dependency from an allowable base claim, and should now be allowable.

The newly presented claims are not obvious under 35 U.S.C. 103(a)

Previously presented claims 1-7, 11-20, 24-26, 28-30, 32-40, 45 and 46 were rejected under 35 U.S.C. 103(a) as being unpatentable over Begum at al (US 5,420,606) in view of Klayh (US 2003/0103644). Previously presented claims 8-10, 21-23, and 41-44 were rejected under 35 U.S.C. 103(a) as being unpatentable over Begum et al, in view of Klayh and further in view of Vela et al (US 4,882,724).

Claims 1-49 (as previously submitted or amended) have been canceled, and are now replaced by newly presented claims 50-61. It is respectfully submitted that newly presented claims 50-61 are not obvious based on the teachings contained in Begum et al, Klayh, and Vela et al, alone or in combination, for the reasons discussed below.

When applying 35 U.S.C. 103, the claimed invention must be considered as a whole. It is submitted that the proposed combinations do not teach or suggest each and every claim feature as recited in the newly presented claims, that there is no reason or motivation to combine and modify the references as proposed, that several of the references actually "teach away" from the desirability of the proposed combination and modification, and that the proposed combination would require complete reconstruction of the references and render them unworkable for their intended purpose.

As discussed above, Begum et al **does not teach an advertising player disposed proximate to a display of consumer goods**. Begum et al "teaches away" from this feature in that the communication units of Begum et al are mounted on shopping carts or baskets or carried by the shopper and are transported about store by a shopper. The communications units taught by Begum et al **do not contain a sensing device coupled to a processor for sensing the presence of a consumer proximate to the advertising player**. Instead, the system taught by Begum et al places a local message sending unit or transceiver proximate the location of an item in a marketing area which only senses the presence of communications units that are mounted on shopping carts or baskets or carried by the shopper and transported about the store. The communications units **do not contain a processor which is programmed to, upon detection by the sensing device of the presence of a consumer proximate to the display of consumer goods, to retrieve an advertisement stored in memory containing information related to the consumer goods proximate to the advertising player and to play the retrieved advertisement**. Instead, Begum et al activates the display of a redemption coupon graphic image on the display screen of the communication unit carried by the shopper or mounted on the shopper's cart, or transmits a wake-up call to the communications unit, as the cart is rolled by, or a shopper carrying a communications unit walks by the message sending unit. Begum et al **does not teach a processor programmed to store in memory the number of times an advertisement was played in a given period of time**, and to transmit, statistical data relative to advertisements played by the advertising player to external devices.

Thus, Begum et al would be incapable sensing a consumer proximal to the advertising player, and incapable of detecting a consumer proximate to the display of consumer goods, unless the consumer were pushing a cart equipped with a Begum et al communications unit, or carrying a communications unit. Begum et al would also be incapable of reproducing and playing video and audio advertisements containing information related to the consumer goods proximate to the advertising player from stored digital video and audio media and data.

The secondary reference Klayh was cited as teaching the feature of a system that monitors the advertisements displayed to a person upon detecting the presence of said person proximate to a display terminal. As discussed above, Klayh does not teach an **advertising player disposed proximate to a display of consumer goods**. Klayh also does not teach a system that retrieves and plays video and audio **advertisements containing information related to the consumer**

goods proximate to the advertising player from stored digital video and audio media and data. Klayh "teaches away" from this feature in that a key aspect of the Klayh system is to control the advertising shown to specific subscribers. The particular advertisements displayed are based on one of the target indicators matched to an identified person or class of person determined by 13 different criteria retained in the subscriber account database. Advertisement types can also be specified by an administrator for specific matched demographic player types. Klayh also "teaches away" from this feature in that the advertisements can filtered by exclusions, for unsuitable advertisements. For example, cigarette advertisements or advertisements containing unsuitable subject matter can be excluded from certain locations or excluded from certain classes of viewer based on identity of a viewer or classes of viewer expected to be at the locations, and competitor's products can be excluded from certain locations

The secondary reference Vela et al was cited as teaching the feature of displaying video and audio clips upon detecting the presence of a display of consumer goods. As discussed above, the message relay units taught by Vela et al **do not contain a sensing device coupled to a processor for sensing the presence of a consumer proximate to the advertising player.** Instead, the system taught by Vela et al only senses the presence of message relay units that are mounted on shopping carts and transported about the marketing area, they do not sense the presence of a consumer. The message relay units do not contain a processor which is programmed to, upon detection by the sensing device of the presence of a consumer proximate to the display of consumer goods, retrieve an advertisement stored in memory containing information related to the consumer goods proximate to the advertising player and to play the retrieved advertisement. Thus, **Vela et al would be incapable sensing <u>a consumer proximal to the advertising player</u>, and incapable of <u>detecting a consumer proximate to the display of consumer goods, unless the consumer were pushing a cart equipped with a Vela et al message relay unit</u>.**

Section 2143.03 of the MPEP requires the "consideration" of every claim feature in an obviousness determination. To render claim 1 unpatentable, however, the Office must do more than merely "consider" each and every feature for this claim. Instead, the asserted combination of the patents must also teach or suggest *each and every claim feature*. See <u>In re Royka</u>, 490 F.2d 981, 180 USPQ 580 (CCPA 1974) (emphasis added) (to establish *prima facie* obviousness of a claimed invention, all the claim features must be taught or suggested by the prior art). Indeed, as the Board of Patent Appeal and Interferences has recently confirmed, a proper obviousness

determination requires that an Examiner make "a searching comparison of the claimed invention –
including all its limitations – with the teaching of the prior art." See <u>In re Wada and Murphy,</u>
Appeal 2007-3733, citing <u>In re Ochiai,</u> 71 F.3d 1565, 1572 (Fed. Cir. 1995).

Therefore, it is respectfully submitted that <u>all of the structural and functional features</u> recited
in newly presented base claims 50 and 57 working together as a whole are not shown, suggested
or taught by the combined teachings of Begum et al, Klayh and Vela et al.

Clearly the primary reference Begum et al teaches away from the proposed combination and
modification, and the proposed combination of Begum et al, Klayh and Vela et al would require
complete reconstruction and redesign of the Begum et al reference, and destroy that on which
Begum et al is based.

More specifically, the proposed combination and modification would require elimination or
reconstruction of the Begum et al portable electronic communications units mounted on a
shopping cart or basket or stand alone unit designed exclusively to provide electronic coupons to
prospective purchasers and, as taught by the reference, and would require them to be disposed
proximal to the display of consumer goods. Thus, destroying the portable and transportable
feature and changing the principle of operation on which it is based. It would require
reconstruction and changing the principle of operation of the Begum et al system in order to
provide a sensing device for sensing the presence of a human consumer proximate to the
advertising player, rather than to sense the electronic communications units mounted on shopping
carts or baskets or carried by the shopper and transported about the store, as taught by the
reference. The Begum et al communications units would require reconstruction so as to have a
video encoder and display and an audio encoder and speaker coupled to the units for reproducing
and playing video and audio advertisements, rather than displaying a graphic image of a
redemption coupon communicating a discount for a product item offered for purchase by the store,
as taught by the reference. The Begum et al communications units would require reconstruction
and redesign in order to store in memory the number of times an advertisement was played in a
given period of time, and to transmit, statistical data relative to advertisements played by the
advertising player to external devices.

> References cannot properly be combined with each other when such would result in
> destroying that on which the invention of one of the references is based.
> *Ex parte Hartmann,* 186 U.S.P.Q. 298,301.

If the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims prima facie obvious. *In re Ratti*, 270 F.2d 810, 123 USPQ 349 (CCPA 1959). The court held that the "suggested combination of references would require a substantial reconstruction and redesign of the elements shown in [the primary reference] as well as a change in the basic principle under which the [primary reference] construction was designed to operate." (270 F.2d at 813, 123 USPQ at 352.).

MPEP 2141.02 (VI) provides that: "A prior art reference must be considered in its entirety, i.e., as a whole, including portions that would lead away from the claimed invention. *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 851 (1984)."

MPEP 2145 (D) (2) provides that: "References cannot be combined where reference teaches away from their combination. It is improper to combine references where the references teach away from their combination. *In re Grasselli*, 713 F.2d 731, 743, 218 USPQ 769, 779 (Fed. Cir. 1983)."

MPEP 2143.01 (V) provides that: "The proposed modification cannot render the prior art unsatisfactory for its intended purpose. If proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification. *In re Gordon*, 733 F.2d 900, 221 USPQ 1125 (Fed. Cir. 1984)."

MPEP 2143.01 (VI) provides that: "The proposed modification cannot change the principle of operation of a reference. If the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious. *In re Ratti*, 270 F.2d 810, 123 USPQ 349 (CCPA 1959)."

Therefore, it is respectfully submitted that there is no suggestion of the desirability of the proposed combination and modification and that even if it were legitimate to combine the references, the combination is not sufficient to render base claims 50 and 57 *prima facie* obvious, and that claims 50 and 57 contain a combination of elements working together as a whole and in a manner not shown, suggested or taught by the combined teachings of Begum et al, Klayh and Vela et al, and should be allowable over the references.

With regard to claims 51 and 52, applicant is not attempting to claim the Markush group of sensing devices or the touch screen control panel independently apart from the whole combination, nor that they be withdrawn from the public domain, but is claiming them only in combination with the specific combination of structural and functional limitations recited in base claim 50.

With regard to claims 53 and 58, Begum et al, Klayh and Vela et al, do not show or suggest a chemical dispersing device operatively connected with an advertising player and coupled to a processor for releasing an odor producing chemical capable of being perceived by the olfactory sense of a consumer upon detection by the sensing device of the presence of the consumer proximate to a display of consumer goods.

The remarks set forth above regarding base claim 50 and 57 apply equally to claims 54, 59 and 60, which include all of the structural and functional features recited in base claims 50 and 57, plus the limitations of a server disposed remote from the advertising player, which includes a communication device in communication with the communication device of at least one the advertising players for transmitting and receiving digital video and audio advertising media and data therebetween, and memory storage means and the recited databases and is operative to track the status of each said advertising player. Applicant is not attempting to claim the structural and functional features of the server independently apart from the whole combination, nor that they be withdrawn from the public domain, but is claiming them only in combination with the specific combination of structural and functional limitations recited in base claims 50 and 57.
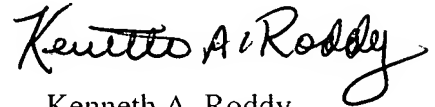
With regard to claim 56, applicant is not attempting to claim the Markush group of communication devices of the advertising player and the server apart from the whole combination, nor that they be withdrawn from the public domain, but is claiming them only in combination with the specific combination of structural and functional limitations recited in base claim 50 and intervening claim 54. The remarks set forth above regarding base claim 50 and intervening claim 54 apply equally to claim 56.

With regard to claims 55 and 61, Begum et al, Klayh and Vela et al, do not show or suggest a work station coupled to the server for generating advertising media in digital video and audio formats and storing the generated advertising media in the server memory storage means

Therefore, it is respectfully submitted that there is no suggestion of the desirability of the proposed combination and modification and that newly presented claims 50-61 contain a combination of elements working together as a whole and in a manner not shown, suggested or taught by Begum et al, Klayh and Vela et al alone or in combination, and should be allowable.

Accordingly, in view of the foregoing amendments, explanations and remarks it is respectfully requested that newly presented claims 50-61 be allowed and that this application be passed to issue.

Respectfully submitted,

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